

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
ON APPEAL FROM THE EXAMINER TO THE BOARD
OF PATENT APPEALS AND INTERFERENCES**

In re Application of: Edward J. Stashluk, Jr. et al
U.S. Patent Serial No.: 10/697,485
Filing Date: October 30, 2003
Group No.: 3625
Examiner: Michael Misiaszek
Confirmation No. 7404
Title: MERCHANDISE RETURN SYSTEM WITH VALUE ADDED
RETURNS PROCESSING (DATA COMMUNICATIONS)

MAIL STOP APPEAL BRIEF - PATENT

Commissioner for Patents
P.O. Box 1450
Alexandria, Virginia 22313-1450

Dear Sir:

REPLY BRIEF

Pursuant to 37 C.F.R. § 1.193, Appellants respectfully file this Reply Brief in response to the Examiner's Answer dated September 28, 2007.

REMARKS

Appellants filed an Appeal Brief on May 4, 2007, and a Corrected Appeal Brief on June 26, 2007, explaining clearly and in detail why Claims 1, 3, 33, 34, and 38-46 are allowable over the prior art cited by the Examiner in the Final Office Action mailed January 5, 2007. Specifically, Appellants demonstrated that the rejection of Claims 1, 3, 33, 34, and 38-46 over the proposed *Hauser-ReturnValet1-Junger* combination are improper. Appellants also demonstrated that the rejections of Claims 4-6 and 35-37 over the proposed *Hauser-ReturnValet1-Junger-ReturnValet2* combination are improper. Finally, Appellants demonstrated that the *Hauser-ReturnValet1-Junger* and *Hauser-ReturnValet1-Junger-ReturnValet2* combinations are improper since one of ordinary skill in the art at the time of Appellants' invention would not have been motivated to make the proposed combinations.

For the reasons discussed below, Appellants respectfully submit that these rejections continue to be improper and should be reversed by the Board.

I. Appellants' Claims are Allowable over the Proposed Combinations

Appellants continue to submit that Appellants' claims recite features and operations that are distinguishable over the references cited by the Examiner and over their proposed combinations.

A. Claims 1, 3, 33, 34, and 38-46

In the Appeal Brief, Appellants argued that the proposed *Hauser-ReturnValet1-Junger* combination does not disclose, teach, or suggest the following features and operations recited in Appellants' Claim 1:

receiving, by carrier delivery, packages containing returned items at a selected one of the regional returns centers . . . wherein affixed to each package is a printed label . . . including a destination address associated with the selected one of the regional return centers, the selected one of the regional returns centers selected for carrier delivery of the package because the selected one of the regional returns centers is geographically

closer to a location of the customer from which the package is received than others of the plurality of regional returns centers.

Specifically, Appellants contended that the Examiner's reliance on *Hauser* for the operational step of receiving the package and the label, on *ReturnValet1* for disclosure of the plurality of regional return centers, and on *Junger* for disclosure of carrier delivery amounts to a piecemeal rejection of Appellants' claims without giving credence to the particular combination of elements recited Appellants' Claim 1 and to the overall combination of features recited in the claim. Additionally, Appellants argued that the references cited by the Examiner do not disclose, teach, or suggest the recited features. Appellants refer the Board to pages 19-20 of the Appeal Brief for a complete discussion of the deficiencies of the proposed combination with respect to these claim elements.

In response to Appellants' arguments, the Examiner states that "[w]hile no reference alone teaches the specific feature, *Hauser* teaches a printed label with a return address . . . and the *ReturnValet1* . . . reference teaches a plurality of regional return centers." (*Examiner's Answer*, page 5). Accordingly, it is the Examiner's position that "combining these two features, without any change in their respective functions, would have yield the predictable result of a printed label with a destination address of a regional return center." (*Examiner's Answer*, page 5). Appellants respectfully disagree with the Examiner's conclusion.

Appellants' claim does not merely recite a printed label with a destination address of a regional return center, as suggested by the Examiner. Rather, Appellants' claim recites a printed label including a destination address associated with the selected one of the regional returns centers, the selected one of the regional returns centers selected for carrier delivery of the package because the selected one of the regional returns centers is geographically closer to a location of a customer from which the package is received than others of the plurality of regional returns centers." The combination of references proposed by the Examiner does not disclose these features. *Hauser* only discloses a "central returns facility." Thus, to the extent that *Hauser* discloses a printed label, the printed label includes the address of the central returns facility. It does not include the address of a "selected one of the regional returns centers selected for carrier delivery of the package because the selected one of the regional returns

centers is geographically closer to a location of a customer from which the package is received than others of the plurality of regional returns centers,” as recited in Claim 1.

Although *ReturnValet1* discloses a plurality of postal centers, one cannot ignore the very principle and purpose of *ReturnValet1*. The disclosed purpose of *ReturnValet1* is to provide a plurality of postal centers to which customers “can go to return a product.” *ReturnValet1* explicitly states that “[c]onsumers have indicated that they prefer to return products physically and get credit immediately.” (*ReturnValet1*, page 1). Thus, *ReturnValet1* clearly anticipates that a customer will bring the package to the postal center for “face-to-face customer service from the convenient local storefronts.” (*ReturnValet1*, page 1). Considering the context of *ReturnValet1* and the disclosure of the objectives of the system of *ReturnValet1*, Appellants submit that *ReturnValet1* does in fact discredit the mailing of a product. The use of the word “can” in *ReturnValet1* does not negate the very purpose of the system of *ReturnValet1*. To use the system of *ReturnValet1* in a manner analogous to Appellants’ claim language would result in a system that does not allow consumers to return products physically for an immediate credit. Additionally, such a system would provide no “face-to-face customer service” such as that desired by the *ReturnValet1* system. Finally, because the outlet receiving the packages is a postal center, using the system of *ReturnValet1* in a manner analogous to Appellants’ claim would require that the customer using the *ReturnValet1* system to mail the package to the postal center, which is counterintuitive.

For at least these reasons, Appellants respectfully submit that the rejection of independent Claim 1 and its dependent claims (including Claim 3) is improper and should be reversed by the Board. For analogous reasons, Appellants submit that the rejection of independent Claim 33 and its dependent claims (including Claims 34 and 38-46) is also improper and should be reversed by the Board.

B. Claims 4 and 35

In the Appeal Brief, Appellants noted that Claims 4 and 35 depend from Claims 1 and 33, respectively, and are allowable for the reasons that Claims 1 and 33 are allowable. Additionally, Appellants argued that dependent Claims 4 and 35, which recite that “*the*

purchase transaction is represented by an invoice number,” is allowable over the proposed *Hauser-ReturnValet1-Junger-ReturnValet2* combination. Specifically, Appellants argued that *ReturnValet2*, as relied upon by the Examiner, does not disclose the recited claim features.

In the Examiner’s Answer, the Examiner states Appellants’ arguments “merely amount to a general allegation that the claims define a patentable invention without specifically pointing out how the language of the claims patentably distinguishes the references.” (*Examiner’s Answer*, page 6). The Examiner contends that Appellants have not provided “reasons *why* the cited reference does not disclose the claimed feature.” (*Examiner’s Answer*, page 6). Because Appellants provided more than “a mere allegation” that Appellants’ claims are distinguishable over the cited art, Appellants respectfully disagree with the Examiner’s characterization of Appellants’ argument. However, for clarity purposes, Appellants expand on those arguments now.

As noted by Appellants in the Appeal Brief, *ReturnValet2* merely discloses that “[c]onsumers should bring their invoice or gift receipt with their merchandise” when bringing in a return. (*ReturnValet2*, page 2, paragraph 2). Appellants submit that there is no disclosure in *ReturnValet2* that the invoice or gift receipt includes a machine readable bar code identifying an invoice number. In fact, there is no disclosure whatsoever of the contents of the invoice or the gift receipt or of how such invoice or gift receipt is used in the processing of the return. Certainly, there is no disclosure of “machine readable data” that “identifies a purchase transaction” “by an invoice number.” These elements simply are not disclosed in *ReturnValet2*. As such, Appellants continue to submit that Claims 4 and 35 are allowable over the proposed *Hauser-ReturnValet1-Junger-ReturnValet2* combination.

For at least these reasons, Appellants respectfully submit that the rejections of dependent Claims 4 and 35 are improper and should be reversed by the Board.

C. Claims 5, 6, 36, and 37

In the Appeal Brief, Appellants noted that Claims 5 and 6 and Claims 36 and 37 depend from Claims 1 and 33, respectively, and are allowable for the reasons that Claims 1 and 33 are

allowable. Additionally, Appellants argued that dependent Claims 5, 6, 36, and 37 recite features that are allowable over the proposed *Hauser-ReturnValet1-Junger-ReturnValet2* combination. Specifically, Appellants argued that the proposed combination does not disclose, teach, or suggest a printed label having machine readable language that identifies a purchase transaction “represented by a customer number,” as recited in Claims 5 and 36. Appellants argued that the proposed combination does not disclose, teach, or suggest a printed label having machine readable language that identifies a purchase transaction “represented by a product number,” as recited in Claims 6 and 37.

In the Examiner’s Answer, the Examiner contends that the features of Claims 5, 6, 36, and 37 “are merely non-functional descriptive material.” (*Examiner’s Answer*, page 7). Appellants respectfully disagree. The independent Claims from which Claims 5, 6, 36, and 37 depend explicitly recite steps that are performed using the machine readable data. For example, Claims 1 and 33 include “scanning machine readable data on each package” and “correlating at least a portion of the machine readable data with a set of returns rules.” When considered in conjunction with the claim limitations of Claims 5 and 36 where the machine readable data includes a customer number, scanning the machine readable data on each package would result in the identification of a customer number and the identification of a purchase transaction based on the customer number. Conversely, when considered in conjunction with the claim limitations of Claims 6 and 37 where the machine readable data represents a product number, scanning the machine readable data on each package would result in the identification of a product number and the identification of a purchase transaction based on the product number. Accordingly, Claims 5, 6, 36, and 37 recite affirmative steps that are performed - the results of which vary based on the limitations recited in Claims 5, 6, 36, and 37.

Furthermore, Appellants note that the courts have held that “[t]here is nothing inherently wrong with defining some part of an invention in functional terms.” *In re Swinehart*, 169 USPQ 226 (CCPA 1971); MPEP 2173.05(g). “Functional language does not, in and of itself, render a claim improper.” *Id.*¹ According to the MPEP, “[a] functional limitation must be evaluated and considered, just like any other limitation of the claim, for what it fairly

¹ See, e.g., MPEP § 2173.05(g) (stating that “members adapted to be positioned” and “portions . . . being resiliently dilatable whereby said housing may be slidably positioned” serve[d] to precisely define present structural attributes of interrelated component parts of the claimed assembly.”).

conveys to a person of ordinary skill in the pertinent art in the context in which it is used.” MPEP 2173.05(g). The determination of whether a functional clause is a limitation in a claim depends upon the specific facts of the case. MPEP 211.04. In the instant case, Appellants’ Claims 5 and 36 recite a printed label having machine readable language that identifies a purchase transaction “represented by a customer number.” Appellants’ Claims 6 and 37 recite a printed label having machine readable language that identifies a purchase transaction “represented by a product number.” Thus, the recited language covers attributes that the elements (i.e., machine readable language) *actually* have and not attributes that the elements *may* have. These claim elements are distinguished from the prior, which *does not have* the attributes. Where functional language such as this “states a condition that is material to patentability, it cannot be ignored in order to change the substance of the invention.” *Hoffer v. Microsoft Corp.*, 405 F.3d 1326, 1329, 74 USPQ.2d 1481, 1483 (Fed. Cir. 2005).

For at least these reasons, Appellants respectfully submit that the rejections of dependent Claims 5, 6, 36, and 37 are improper and should be reversed by the Board.

D. The Proposed Combinations are Improper

In the Appeal Brief, Appellants contended that the proposed *Hauser-ReturnValet1-Junger* and *Hauser-ReturnValet1-Junger-ReturnValet2* combinations, as relied upon by the Examiner to reject Appellants’ claims, are improper. Specifically, Appellants demonstrated that one of ordinary skill in the art would not have been motivated to make the proposed combinations at least because the very principle and purpose of the systems disclosed in *Junger* and *ReturnValet1* are inconsistent with the objectives of the system disclosed in *Hauser*. In the Examiner’s Answer, the Examiner states that KSR forecloses appellant’s argument that a specific teaching is required for a finding of obviousness.” (*Examiner’s Answer*, page 6). However, *KSR* does not obviate the requirement that there must be a showing as to why one of ordinary skill in the art at the time of Appellants’ invention would have been motivated to combine the references.

“[T]he proper inquiry is whether there is something in the prior art as a whole to suggest the *desirability* . . . of making the combination.” *Id.* (internal quotations omitted)

(emphasis original). “The mere fact that the references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the **desirability** of the combination.” See §2143.01 (III) (emphasis original and added). Most recently, this requirement has been reaffirmed in an official USPTO memorandum dated May 3, 2007 wherein the Deputy Commissioner for Patent Operations pointed to sections of *KSR v. Teleflex*, which recite, “it will be necessary . . . to determine whether there was an **apparent reason** to combine the known elements in the fashion claimed by the patent at issue.”²

As applied to the present application, the *Final Office Action* and the *Examiner’s Answer* have failed to meet this burden because the Examiner has not shown “something in the prior art as a whole to suggest the *desirability*” of combining *Hauser* with *Junger* and *ReturnValet1*, but rather seems to rely on a conjectured assertion that “the references can be combined” without regard to the “desirability of the combination.” This directly conflicts with the M.P.E.P. requirements for supporting a motivation to combine references. Specifically, the Examiner states “it would have been obvious to one of ordinary skill in the art at the time of the invention to have modified the method of *Hauser* with the carrier delivery, as taught by *Junger*, since such a modification would have provided a further simplified return process for a customer (at least paragraph [0181] of *Junger*).” (*Final Office Action*, page 4). With regard to *ReturnValet1*, the Examiner states “[i]t would have been obvious to one of ordinary skill in the art at the time of the invention to have modified the method of *Hauser* with the maintaining a plurality of regional return centers and returning to the station closest to the customer of *ReturnValet1*, since such a modification would have provided a decrease in effort and an increase in return efficiency via a means for a customer to receive instant credit for a returned item (see at least page 1 of *ReturnValet1*).” (*Final Office Action*, page 4). These bald assertions do not meet the requirements of the M.P.E.P. The Examiner did not provide “support or explanation” for the motivation to “automatically provide state information about computer presences users,” nor did the Examiner show any “desirability” of doing so.

² *KSR Int’l. Co v. Teleflex Inc.*, No. 04-1350 (April 30, 2007) (emphasis added).

In fact, it continues to be Appellants' contention that the objectives of the respective systems of *Hauser*, *ReturnValet1*, and *Junger* teach away from the combinations suggested by the Examiner. The very principle and purpose of the system disclosed in *Junger* is the provision of a return system between two intermediary sources of a product. *Junger* provides a system by which a retailer can obtain batch reimbursement from a manufacturer. Thus, in *Junger*, it is the merchant or retailer who is being reimbursed by the manufacturer. Conversely, *Hauser* provides customers of merchants "with a return authorization shipping label" that can be used to return merchandise to a "central returns facility." (*Hauser*, Abstract). Thus, while the objective of *Junger* is to provide for the processing of retailer returns on a batch-basis in a retailer-manufacturer context, the objective of *Hauser* is to provide for the processing of customer returns on an item-basis in a retailer-customer context. As such, the solution proposed by *Junger* is drastically different from that proposed by *Hauser*, and one of ordinary skill in the art at the time of Appellants' invention would not have been motivated to combine the disclosure of *Junger* with the disclosure of *Hauser*.

The objectives of the respective systems of *Hauser* and *ReturnValet1* also teach away from the combinations suggested by the Examiner. As stated above, the disclosed purpose of *ReturnValet1* is to provide a plurality of postal centers to which customers "can go to return a product." *ReturnValet1* explicitly states that "[c]onsumers have indicated that they prefer to return products physically and get credit immediately." (*ReturnValet1*, page 1). Thus, *ReturnValet1* clearly anticipates that a customer will bring the package to the postal center for "face-to-face customer service from the convenient local storefronts." (*ReturnValet1*, page 1). Considering the context of *ReturnValet1* and the disclosure of the objectives of the system of *ReturnValet1*, Appellants submit that *ReturnValet1* does in fact discredit the mailing of a product and, thus, carrier delivery to the postal centers. To use the system of *ReturnValet1* in a manner conjunction with the system of *Hauser* would result in a system that does not allow consumers to return products physically for an immediate credit, which is contrary to the stated purpose of *ReturnValet1*. Additionally, such a system would provide no "face-to-face customer service" such as that desired by the *ReturnValet1* system. Finally, because the outlet receiving the packages is a postal center, using the system of *ReturnValet1* in a manner analogous to Appellants' claim would require that the customer using the *ReturnValet1* system to mail the package to the postal center, which is

counterintuitive. As such, the solution proposed by *ReturnValet1* is drastically different from that proposed by *Hauser*, and one of ordinary skill in the art at the time of Appellants' invention would not have been motivated to combine the disclosure of *ReturnValet1* with the disclosure of *Hauser*.

For at least these reasons, Appellants respectfully submit that the proposed *Hauser-ReturnValet1-Junger* and *Hauser-ReturnValet1-Junger-ReturnValet2* combinations are improper and should be reversed by the Board.

CONCLUSION

Appellants have demonstrated that the present invention, as claimed, is clearly distinguishable over the prior art cited by the Examiner. Therefore, Appellants respectfully request the Board to reverse the final rejections and instruct the Examiner to issue a Notice of Allowance with respect to all pending claims.

Although Appellants believe that no fee is due in connection with this Reply Brief, the Commissioner is hereby authorized to charge any fees or credits any overpayment to Deposit Account No. 02-0384 of Baker Botts, L.L.P.

Respectfully submitted,

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